

## Filling up the HRM ‘Black Box’; do creativity and management philosophy matter?

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### ABSTRACT

Although mediating variables are of importance in the HPWS-Performance nexus, identification of the fitting intervening variable(s) that mediates between the nexuses is a crucial issue, and the number of the mediating variable(s) which would unravel the so called “black box” remains unresolved and the most burning theoretical and empirical challenge in the Strategic HRM research field. Likewise, moderating variables do have impacts on the HPWS-Performance nexus since the context within which firm operates and the strategic orientations of firms have bearing on the application of HR practices and its effect on the firm’s performance. Given this, this work proposed a model which is theorized based on the far-reaching survey of the extant literature. The model theorizes the mediating role of employee creativity and potential moderating role of management philosophy in the HPWS-performance nexus via extensive theoretical and logical argument and exposition. Also, as established by the extant research, HPWS measurement in the context of SME should be employee-oriented, therefore, this work measured HPWS with eight employee-oriented HR architectures, and performance is measured with financial and non-financial performance, for being a widespread adopted measurement in many fields of study.

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## 1. Introduction

As intervening variables, otherwise known as mediators, matter in HPWS-Performance nexus (Boxall et al., 2016), so also the contingent variables, which is also called moderators. Contingent variables do have impacts on the HPWS-Performance nexus (Martin-Alcazar et al., 2005), because the context within which firm operates and the strategic orientations of firms have bearing on the application of HR practices and its effect on the firm’s performance (Teo et al., 2011). According to Boxall et al. (2016), mediators are the theoretical bridges that explicate why some outcomes can be expected, and they are the mechanisms through which the ‘black box’ of HRM are unpacked (Chadwick & Dabu, 2009; Messersmith et al., 2011). On this, Boxall (2012) claimed that a lot of things remained unknown about the chain of nexuses that are persistent inside the ‘black box’ of HRM.

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In the same vein, it is an irrefutable fact that there has been a mushrooming numbers of studies on HRM-Performance link. However, the link is indirect (Ferris et al., 1998; Edwards & Wright, 2001; Katou & Budhwar, 2007). Thus, the significance of mechanism and intermediate outcomes to drive home the HRM-performance link (Becker & Gerhart, 1996). Savaneviciene and Stankeviciute (2010) added that recognition of certain mechanisms that mediate between HRM practices and organizational performance nexus is a crucial issue in HRM literature, and it is of high significance. Becker and Huselid (2006) added that complexities and nuances emphasize the requirement to consider in more depth the relationship and exact mechanisms shaping the nexus between HRM and performance. There are numerous empirical studies that have attempted opening the “black box” by explaining the mechanisms through which HRM-Performance relationship works.

Yet, the question raised by Wright and Gardner (2003) regarding the number of the so called “black boxes” should be considered when investigating HRM-Performance relationship, because it remains unanswered. This means that the issue about what kind of mediating variable would fit into the HRM-performance relationship and how many of them would unravel the “black box” remains unresolved. As a result, Becker and Huselid (2006) posit that this issue remains the most burning theoretical and empirical challenge in the Strategic HRM research field.

In addition, when the effect of an exogenous variable on an endogenous variable is hooked on the values of another variable, then, there is a presence of moderating effect in which such variable moderates the nexus between the exogenous variable and the endogenous variable (Hair et al., 2013). The context within which firm operates and the situation in which firm finds itself determine firm’s strategies and policies which predict the application of HR practices and its effect on firm’s performance (Teo et al., 2011). Also, the internal and external environments in which a firm operates determine to a large extent the HR policies and practices (Huselid & Rau, 1997). Researchers have come to recognize that the context within which a plan is executed influence the execution itself and the outcome (Harrison et al., 2014). HPWS systems can be destructive or helpful because the failure or success of HR systems depends on internal and external boundary conditions (Chadwick et al., 2013). For that reason, the functions of the HRM is contingent upon the situations of the firm regardless of the size of the firm. Research (e.g. Taylor et al., 2011) has called for cautious investigation of organizational context in the researches relating to execution of program in the organizations. Specifically, internal organizational context has influence on success of implementation of evidence-based practices (Damschroder & Lowrey, 2013). Given all these facts, it is imperative to examine whether HRM-performance nexus is contingent on another variable, most especially in a context, such as SMEs, where there is dearth of HRM research, since most of the research focused on large organizations (e.g. Ukenna et al., 2010; Osman et al., 2011b; Othman, 2009).

Furthermore, Boxall and Macky (2014) observed that it is commonly expected that certain HR practices are automatically performance enhancing for both organizations and employees. Synergistically combined HR practices (i.e. high performance work system) have been found to enhance firm performance and organizational accomplishments (Choi, 2014; Choi & Lee, 2013; Demirbag, et al., 2014 etc.). However, configuring synergistic HPWS does not merely implies combination of HR architectures into a unitary index, but it should be more finely configured in a manner that will reflect more cost-effective approaches to HRM. Putting it differently, configuring HPWS to reflect cost-effectiveness is very much connected with the need to understand what will work in HRM in specific contexts (i.e. contextualization) (Boxall et al., 2016). Also, there are inconsistencies in the configuration/measurement of HPWS and the constituent HR architectures (Posthuma et al., 2013), and the researchers have cautioned that this anomaly might become a deterrent to the growth of knowledge in HRM field and the degree to

which organizations adopt these systems. Lack of inconsistency in HPWS measurement is deemed to be a methodological defect in the HPWS research.

Boxall's (2012) suggestion, which stated that there should be mapping of the diversity that exists in work systems, and understanding which one perform in which contexts and why, corroborates that of Boxall et al.'s (2016) observation in their editorial introduction to Human Resource Management Journal's special issue. Similarly, Ismail et al. (2016) observed that systematic combination of HR system in a synergistic manner to enhance performance involves approaches such as universalist approach, contingency approach, configuration approach, theory building process, etc. This validates the fact that measurement and configuration of HPWS system should be context specific (Liao et al., 2009; Zacharatos et al., 2005). Hence, the configuration of HPWS system in context of SMEs should be done in a manner that would reflect the nature of SMEs, being the context of this study.

Besides, although SMEs constitutes nearly 90 per cent of all enterprises in the globe and over 50 percent of employment worldwide (International Finance Corporation [IFC], 2013), series of research conducted in the context of SMEs do not focus on the effect of HPWS practices on SMEs' performance (e.g. Chelliah et al., 2010; Farinda et al., 2009; Hashim & Zakaria, 2010; Hilmi & Ramayah, 2008; Jajri & Ismail, 2009; Radam et al., 2008).

Likewise, there are lack of substantial researches and investigations on internal organization, internal system, and internal strengths of SMEs (Okoya, 2013; Zakaria, 2013), and there is also lack of research on how to enhance SMEs' enduring high performance through HPWS, as the available studies conducted in the context of SMEs do not focus on how HPWS practices can improve performance. SMEs' competitiveness is contingent on adoption of higher value added activities and best industry business practices (Zakaria, 2013).

The discussion in this section has signified vital issues relating to theoretical, practical, and methodological aspects of HPWS research. Hence, this research sought to examine the mechanism(s) in HPWS-performance nexus in the context of SMEs, and vet whether management philosophy matters in the nexuses. Also, in consideration of the argument about HPWS composition, and the fact that employee-oriented high performance work system [HPWS] proposed by Ismail et al. (2016) is logically sound, systematic, empirical-based, and context specific, this research would adopt the HPWS.

## **2. HPWS-SMEs Performance Nexus in the Context of SMEs**

Globally, as recognized by the facts and figures, Small and Medium Enterprises (SMEs) has become a mainstay of the world economic growth. The shattering upshot of the global financial crisis is believed to be bulwarked by SMEs (European Commission, 2014). It plays a crucial role in the economic development, industrial development, job creation and poverty reduction (International Finance Corporation [IFC], 2013; Mahmood & Hanafi, 2013). SMEs constitutes nearly 90 per cent of all enterprises in the globe and over 50 percent of employment worldwide (IFC, 2013).

Nevertheless, three facts regarding substantial numbers of SMEs, most especially in the developing nations, remain undeniable. Firstly, most SMEs have not attained their full potentials (Zakaria, 2013), given the fact that it is important to accomplish good performance, but it is much important to keep the pace, and much more important to keep moving up. Thus, they need to pull alongside with the SMEs' performance level of the highly-performing SMEs which are mostly found in the advanced and other high middle income nations. Secondly, human capital development, which is a pivotal for national economic growth (Al-Maktoum, 2015), is an indispensable factor upon which enduring high performance and success of SMEs depend (Armstrong, 2006; Behrends, 2007; Ojokuku, 2012).

Thirdly, numerous SMEs face a myriad of challenges deterrent to its ability to attain its full potentials. These challenges are prompted by SMEs' susceptibility to external environmental factors (NSDC, 2012), and lack of competitiveness (Zakaria, 2013), lack of business strategy, shortage of technical savoir-faire, poor recruitment exercise, lack of succession plan (Onugu, 2005), lack of substantial research that investigate internal organization, internal system, and internal strengths of SMEs (Zakaria, 2013; Okoya, 2013), and lack of research on how to enhance SMEs' enduring high performance through HPWS, as the available studies conducted in the context of SMEs do not focus on how HPWS practices can improve performance (e.g. Chelliah et al., 2010; Farinda et al., 2009; Hashim & Zakaria, 2010; Hilmi & Ramayah, 2008; Jajri & Ismail, 2009; Radam et al., 2008).

For SMEs to boost their performance level, they need to deliver 'added value' services or produce 'added value' products, given the present global economic situation (Martinaityte, 2014). High quality and innovative products and services can be achieved through the strategic development of the firm's rare, inimitable and non-substitutable internal resources, embodied – literally – in its workforce (Wright et al., 1994), and through systematic and logic selection of HR practices that will build the human capital pool and stimulating the kinds of human behavior that actually constitute an advantage (Boxall & Steeneveld, 1999).

Also, a central key to strengthening the SME sector is through the development of human capital capabilities, and this can be achieved through adoption of appropriate high performance work system. Organization that wants to improve its performance can use a combination of HR systems called HPWS to get these improvements (Mason, et al., 2010).

Moreover, on combination of HPWS practices, previous studies are devoid of consistency, as various scholars (e.g. Kwang et al., 2008; Vlachos, 2008, etc.) have adopted different practices in their different studies. However, the employee-oriented HPWS proposed by Ismail et al. (2016) is held to be appropriate and suitable.

In addition to the argument about HPWS composition in the introductory section of this research, the employee-oriented HPWS of Ismail et al. (2016) is logically sound, systematic and empirical-based, and context specific, having established that SMEs' success heavily relies on the inputs of highly committed, well-motivated and qualified employees. The authors proved that employee-oriented high performance work system that is logically and empirically chosen would reflect the fact that SMEs' success heavily relies on the inputs of highly committed, well-motivated and qualified employees. HPWS whose configuration is underpinned by the motive to leverage human capital through acquisition, development, and motivation of best workforce has been found to impact higher performance. The proposed HPWS is a blend of some approaches involving AMO, universalist, and contingency approaches. The bundling-up of the HPWS in their study is also context-specific and underpinned by the suggestion of Posthuma et al. (2013), and drawn from the Martinaityte's (2014) study and Agarwala's (2003) study.

Based on Ismail et al.'s (2016) employee-oriented HPWS, the HPWS, in this work, connotes selective hiring, training and development, performance appraisal, job design, succession planning, pay for performance, public recognition, and employee participation and communication.

Furthermore, quite good number of studies have shown HPWS relates to organizational performance. A myriad of research (e.g. Arthur, 1994; Bae & Lawler, 2000; Guthrie, 2001; Huselid, 1995; MacDuffie, 1995; Sun, Aryee, & Law, 2007; Way, 2002) has established the impact of HPWS on operational and financial performance. Likewise, considerable studies (e.g. Macky & Boxall, 2007; Wang et al., 2011) has affirmed certain mechanism through which HPWS impact financial performance.

Moreover, HR system that boosts employee competencies, commitment, and productivity is frequently referred to as HPWS (Appelbaum et al., 2000; Datta et al., 2005). Bundles or systems of HR practices are more influential than individual practices in isolation (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Youndt et al., 1996; Bae & Lawler, 2000; Choi, 2014; Chuang & Liao, 2010; Demirbag, et al., 2014; Fan, et al., 2014; Shin & Konrad, 2014).

Furthermore, a number of meta-analytic studies have emerged. These studies have established HPWS-Performance nexus. Prominent among them is the research titled “A High Performance Work Practices Taxonomy: Integrating the Literature and Directing Future Research” by Posthuma et al. (2013). The research identified 61 HR architectures under nine taxonomies. Other meta-analytic research includes Combs et al.’s (2006) research. This research extends Huselid’s work by drawing on 92 studies conducted between 1990 and 2005 (Combs, et al., 2006). Huselid’s (1995) work was on HPWS-performance nexus in a sample of almost 1000 US firms.

Yet, most HRM studies have been focused on large organizations and overlooked small organizations (e.g. Gringore, 2008; Bau & Dowling, 2007; Ukenna et al., 2010; Daud, 2006; Hemdi, 2005; Osman, Ho, & Galang, 2011b; Othman, 2009; Othman et al., 2001; Rowley & Abdul-Rahman, 2007). There is dearth of research on HRM-SMEs relationship, most especially in the context of Nigeria (Ojukuku, 2012). The extent at which HRM theories are applicable to SMEs is yet unclear (Subramaniam et al., 2011). Also, the findings of research in the context of large firms cannot be generalized and applied to SMEs since SMEs is different from large firms using the yardsticks such as economies of scale, liabilities of smallness, newness and scope, HR endowment, material endowment or financial resources (Cardon & Stevens, 2004; Fitzsimmons & Fitzsimmons, 2003).

Regarding SMEs’ performance, research (e.g. Porter, 1992) has shown that a blend of financial and non-financial measures to constitute performance measurement has become a widespread framework in many fields of study such as economics, strategy, finance and accounting. In addition, while it is almost impossible to offer a universal list of measures that can be realistic for all SMEs or organizations in the same industry (Brown & Laverick, 1994; Pawar & Driva, 1999; Morgan & Daniels, 2001), financial benchmark, in situations where emphasis is laid on adopting other measures, can be realistic and applicable (Bhimani, 1994; Richard et al., 2009). It was observed by Malina and Selto (2004) that substantial research evidence has demonstrated that both the financial benchmark and non-financial benchmark have been adopted as indicators of organizational performance in the large organizations but only financial measures are favored by the organizations. However, many studies (e.g. Chadwick et al., 2013; Faems et al., 2005; Georgiadis & Patelis, 2012; Messersmith & Guthrie, 2010; Michie, Zubanov, & Sheehan, 2008; Ogunyomi & Bruning, 2015) have indicated that both the financial benchmarks and non-financial benchmarks are adopted and favored in small businesses.

In sum, it can be claimed theoretically that HPWS would stimulate SMEs’ high performance, although it has been stated previously that research on HPWS-SME’s performance is scanty.

### **3. Can Employee Creativity Mediate the HPWS-Performance Nexus?**

Quite substantial numbers of scholars (e.g. Becker & Gerhart, 1996; Chadwick & Dabu, 2009; Messersmith, Patel, & Lepak, 2011, Boxall 2012) have identified lacuna in the direct relationship between HR architectures and performance. This lacuna is otherwise known as ‘Black box’. The issue of ‘lack box’ in HRM research has become the most burning theoretical and empirical challenge in the HRM research realm. With regards to this, Boxall (2012) observed that a lot remain vague about the chain of nexuses that are persistent inside the ‘black box’ of HRM. Wall and Wood (2005) opined evidence for HRM-Performance nexus should be treated with caution.

In the same vein, Becker and Huselid (2006) also reiterate the need for in-depth investigation of the HPWS-Performance nexus and the mechanism that shapes the nexus. Besides, it has been mentioned before that research has noted creativity-performance nexus, HRM-creativity interconnection, and HRM-performance connection. On this, Ismail et al. (2016) assert that the so called 'black box' should be filled with mediating mechanism(s), although the quantity and content of the box cannot be specified, subject to the nature, context, circumstances that surround the research, and Savaneviciene and Stankeviciute (2010) observed that the identification of the specific mechanisms that mediate between HR architectures and performance should be considered as a central issue in HRM literature.

Given the tempo with which the world is getting globalized today, it has become imperative for the world nations to enhance their firms' performance via a more viable, well-informed, creative, and innovative workforce (Norasmah, et al., 2012), as this would consequently improve nations' economy. It has been observed that this period of globalization has been characterized with new paradigm involving knowledge society, knowledge workers, and knowledge economy (K-Economy), as observed by Rahmah and Nor (2007), and Moravec (2008). Thus, creativity has become necessary in this globalization period in which it is expected that economic competition will continue to intensify.

Furthermore, creativity involves any problem-solving attempt that involving searching for information to proffer alternatives solutions and come up with possible responses (Amabile, 1983; Perry-Smith, 2006). Any activity that challenges the intellect of individual which requires problem solving, risk taking, experimenting and constant learning makes up what is known as creativity. Creativity in the employees can be induced by motivation (Grant & Berry, 2011).

HPWS that is configured, based on the selected HR architectures in this study, to motivate employee would definitely stimulate employees, open them to challenges and make them passionate about solving complex issues. Hence, employees engage in creative process which would consequently result in creative output.

HPWS instils in employees the behavioral prerequisites for implementing an organization's strategy as well as provide the skills, motivation, and opportunities to engage in these behaviors. For example, selective hiring and extensive training (e.g., creative problem-solving) can foster the development of creativity-relevant skills (such as ability to generate alternative solutions) as well as the development of domain-relevant skills (such as product knowledge and customer service skills) necessary to demonstrate creativity in the work process. Performance appraisal and creativity-contingent compensation system signal the importance of creativity and therefore motivate employees to demonstrate this behavior. Job design features such as discretion in decision making can give employees the freedom to adapt their sales approach to meet the unique needs of their customers. In support of these arguments, research has shown contextual or work environment factors such as job design, to relate to creativity (Amabile, 1996; George, 2007; Shalley et al., 2004).

Many researchers (e.g. Mainemelis, 2001; Shalley et al., 2004) perceive creativity to be a process claiming that it would be a considerably favorable direction for creativity research field to treat creativity as a process (i.e. an antecedent that influences organizational outcome). However, extant research in the creativity literature claims that creativity is an outcome to which certain factors contribute. In this study, the two perspectives are adopted. In this regard, a process model of creativity is developed in which creativity serves as mediator.

Research has noted creativity-performance nexus (e.g. Coelho et al., 2011; Gilson, 2008; Martinaityte, 2014). Likewise, studies have established HRM-creativity interconnection (e.g. (Binyamin & Carmeli, 2010; Byron & Khananchi, 2012; Chang et al., 2014; Martinaityte, 2014); HRM-performance connection is pinned down too (e.g. Demirbag, et al., 2014; Fan, et al., 2014; Shin & Konrad, 2014).

For example, the findings of Gebauer et al.'s (2011) study, which was undertaken in the European-based manufacturing firms, indicate creativity-firm performance nexus. Due to the entrenched creativity and innovativeness culminated in producing new products and services, the firms have consistently recorded financial boom for more than three years. Similarly, Weinzimmer et al. (2011) undertook their research on creativity-performance nexus in 13 service firms, four manufacturing and four professional firms. It was found that creativity enhances firm performance of the selected firms. In addition, Sung and Choi (2012) did their research on creativity-performance nexus in the context of Korea, and they found that creativity positively impact financial performance. Substantial number of researches have established the positive influence of creativity on firm performance. These researches include, among others, Gong et al. (2013), Rubera and Kirca (2012), Coelho et al. (2011), Gilson (2008), Martinaityte (2014).

Regarding HPWS-creativity nexus, research, such as Liu et al. (2011), Hammond et al. (2011), extensively indicated that in an organizational setting where job autonomy, which is one of the core components of HPWS, is entrenched, definitely there would be higher levels of creativity. Hence, Martinaityte (2014) opined that it is imperative to consider the HR practice when bundling up HPWS. Also, Li, Zhao, and Liu's (2006) findings affirm positive relationship between HR practices, specifically training, and creativity. Shipton et al. (2006), in their research on UK manufacturing firms, found that Training, induction, team working, appraisal and exploratory learning predict creativity. In the study of Jiménez-Jiménez and Sanz-Valle (2008), HRM system including flexible job design and empowerment, team work, long-term and skill-oriented staffing, extensive-and long-term oriented training, broad career opportunities, behavior-based appraisal, and organic compensation system positively stimulate creativity and innovation. In addition, Jiang, et al. (2012) examined the effect of hiring and selection, reward, job design and teamwork, training, and performance appraisal on employee creativity, and found that all the selected HR practices, excluding training and performance appraisal, have positive influence on employee creativity.

Moreover, going by Baron and Kenny's (1986) supposition, creativity is logically and empirically fit to be the mechanism (mediator) through which the identified lacunas will be resolved. Baron and Kenny's (1986) portended that there is possibility of having a particular construct to be a mediator if there is nexus between the construct, independent variable, and dependent variable, and there is nexus between the independent variable and dependent variable. As mentioned above, substantial set of studies have established relationships among HPWS, employee creativity, and organizational performance. Going by this, it can be proposed that creativity can play the role of mediator in HPWS-performance link, as research has established the links between variables.

Moreover, it is noteworthy that the literature review has demonstrated that the research on mediating effect of creativity on HPWS-performance is very few and no research has been done in the context of Nigerian SMEs.

Summing up the above exposition, it suffices to theorize that employee creativity would mediate the relationship between HPWS and SMEs' performance.

#### **4. Does HPWS-Performance Nexus Contingent on Management Philosophy?**

The context within which firm operates and the situation in which firm finds itself determine the kind of strategies, policies, aims etc. that will be adopted by such firm. Therefore, the functions of the HR department are contingent upon the situations of the firm regardless of the size of the firm. The internal and external environments in which the organization operates determine to a large extent the HR policies and practices (Schuler & MacMillan, 1984). The strategic orientations of firms also have bearing

on the application of HR practices and its effect on the firm's performance (Teo et al., 2011). HPWS systems can be destructive or helpful because the failure or success of HR systems depends on internal and external boundary conditions (Chadwick et al., 2013).

Furthermore, it has been indicated previously that relationship between HR practices (as independent variable) and performance (as dependent variable) is contingent upon the effect of a third variable called contingent variable. Such variables have effects on the HPWS-Performance nexus (Martin-Alcazar et al., 2005). Management philosophy, company size, company age, technology, degree of unionization, industrial sector, ownership are examples of the contingent variables. These are also referred to as moderating variables (Paauwe, 2004).

Also, considering internal fit or alignment in the organization, it has become the fact that HPWS components should be both vertically and horizontally fit and should be synergistically bundled up to produce higher organizational performance (Buller & McEvoy, 2012; Huselid, 1995; Subramony, 2009; Chadwick, 2010). However, this cannot be achieved without management philosophy, because management philosophy would be translated to firm's strategy, and consequently give rise to aligned HPWS.

In the previous subsection, it has been suggested that SMEs should focus more on their human resources and design their firm strategies, organizational policies, industry business practices, and human resource management in such a way that will reflect, enable and enhance highly-motivated, highly committed, knowledgeable, skillful, and creative workforce, as this would consequently enhance human capital capabilities and boost the SMEs performance. The reason is that employee roles as well as effective employee management forms the basis for the survival and sustainability of small business, and research evidence demonstrates heavy reliance of organizational success on employees' contributions (Ojokuku, 2012).

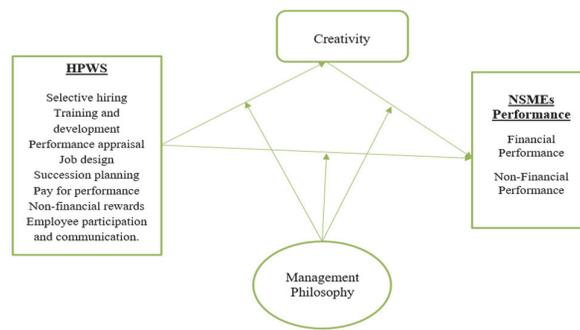
In HPWS research, it is common to see scholars that affirm the nexus between investment in HPWS and fundamental organizational philosophies or values (e.g. (Roche, 1999; Wood, 1999). This implies that HPWS program in the organization is shaped by the philosophies adopted by the management and values considered useful. It is assumed that HPWS reflect unitarist belief which means that management and the employee should share common interest, there shouldn't be any divergent interests between the two. HPWS also recognizes pluralist values by providing mechanism such as employee involvement schemes that provide more opportunity for employee voice. It is also assumed that management philosophy that is employee-oriented would reinforce the effectiveness of HPWS and in turn enhance performance (Marchington & Wilkinson, 2005). It has also been found that management ideologies or philosophies regarding employees have influence on the effectiveness of HPWS (Osterman, 1994). In the research conducted by Alas, Papalexandris et al. (2011), it is signified that employee commitment hinges on managerial values elements. The implication is that top management to see to the welfare of employees as employees, in turn will show commitment to their respective jobs.

Moreover, it has been found that management ideologies or values regarding employees have influence on the effectiveness of HPWS (Osterman, 1994). However, it is discerned from the literature reviewed so far that there is lack of studies that have examined the moderating effect of management philosophy. In fact, only one research was discovered to have examined the moderating effect of the construct in the HPWS research field. The research is that of Heffernan (2012). She found that management philosophy has no moderating effect on the nexus between HPWS and organizational performance in the context of Ireland. It is noteworthy here that this finding may not be generalized, and there is need for more research to solidify the finding if at all it can hold water in other contexts.

With this, the fact that management philosophy that is employee-oriented would reinforce the effectiveness of HPWS and in turn enhance performance (Marchington & Wilkinson, 2005), and underpinned by contingency theory's supposition that the context within which firms function matters most, it is therefore expected that employee-oriented management philosophy would positively moderate the HPWS-performance nexus, HPWS-creativity nexus, and creativity-performance nexus.

## 5. Proposed Research Framework

Based on the exposition in the preceding sections, this work proposed a conceptual model which indicates that HPWS and performance are related via employee creativity as a mediator which will unpack the so called "black box" in HRM research field. The model is underpinned by the resource-based view that suggests that organizational performance is influenced by its organizational resources and capabilities. Firms are able to achieve better performance through the effective use of their organizational resources and capabilities compared to their competitors. This is illustrated in the figure below:



## 6. Conclusion

The model proposed in this work is theorized based on the far-reaching survey of the extant literature. The model theorizes the mediating roles of employee creativity and potential moderating role of management philosophy in the high performance work system-performance nexus, and thus enriching the present body of knowledge on HPWS-Performance nexus. In this work, issues relating to theoretical, practical, and methodological aspects of HPWS research were explicated. The mechanism in HPWS-performance nexus in the context of SMEs were examined theoretically, and it was also vetted whether management philosophy matters in the nexuses.

Generally, it has been theoretically and logically established that as intervening variables matter in HPWS-Performance nexus, so also the contingent variables. Also, given the argument about HPWS composition, and the fact that employee-oriented high performance work system [HPWS] proposed by Ismail et al. (2016) is logically sound, systematic, empirical-based and context specific, this work measured HPWS with eight HR architectures.

Regarding the practical aspect of this work, this work can be a useful guide for stakeholders and policy makers in any developing nation on how they can enhance higher SMEs performance.

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